

**WEEKLY FOREIGN EXCHANGE OUTLOOK**

**07 Feb 2022 - 11 Feb 2022**



**Dollar Index Graph**



Source: Thomson Reuters

**Dollar News**

- The U.S. dollar fell on Monday, posting its largest daily fall since last November as investors consolidated gains after hitting a 1-1/2-year high on Friday on expectations of a faster pace of rate hikes by the Federal Reserve.
- The dollar fell for a second consecutive session on Tuesday, on weaker-than-expected U.S. economic data and as Federal Reserve officials pushed back against aggressive rate hikes this year, lifting risk appetite.
- Philadelphia Fed President Patrick Harker was equally cautious on Tuesday as he pushed back on a rate increase of half a percentage point in March, saying he would need to be convinced it was needed.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>97.27</b>	<b>Monthly High</b>	<b>97.44</b>
<b>Week Open</b>	<b>97.22</b>	<b>Monthly Low</b>	<b>94.63</b>
<b>Week Close</b>	<b>95.14</b>	<b>30 Days Average</b>	<b>95.92</b>
<b>Weekly High</b>	<b>97.44</b>	<b>90 Days Average</b>	<b>95.40</b>
<b>Weekly Low</b>	<b>95.14</b>	<b>YTD Change</b>	<b>-0.41%</b>

**Dollar Outlook**

- The key release of the week is likely to be US inflation for January on Thursday then Michigan consumer sentiment data on Friday.
- US inflation is widely expected to reach a new high and bring the market focus back to speculating on the path of FOMC rate hikes.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Credit	Dec	8-Feb	20.90B	39.99B
International Trade \$	Dec	8-Feb	-83.0B	-80.2B
Wholesale Invt(y), R MM	Dec	9-Feb	2.1%	2.1%
Core CPI YY, NSA	Jan	10-Feb	5.9%	5.5%
CPI MM, SA	Jan	10-Feb	0.5%	0.5%
CPI YY, NSA	Jan	10-Feb	7.3%	7.0%
Initial Jobless Clm	5 Feb, w/e	10-Feb	228k	238k
Cont Jobless Clm	29 Jan, w/ε	10-Feb	1.610M	1.628M
U Mich Sentiment Prelim	Feb	11-Feb	67.5	67.2

<b>Lower Bound</b>	<b>95.17</b>	<b>Upper Bound</b>	<b>96.48</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- Thai baht rises after officialy resumption Test and Go on last Tuesday.
- However, as the Omicron threat is still rocking the country with an average of 10,000 cases per day
- Policy divergence between FED and BOT still pressured Thai Baht
- The BOT is expected to maintain a dovish monetary policy stance through most of 2022 to support the economic recovery and provide accommodative credit conditions for small and medium-sized businesses. While FED gives a hawkwhish prediction for rate hike this year ☹️

**Thai Baht News**

- The first day of the week, THB appreciated against the dollar as a quarantine waiver program for international arrivals will resume today. Meanwhile, the Bank of Thailand said Thailand's economic activity slowed in January due to a new coronavirus outbreak fueled by the Omicron variant, cutting short a recovery in the final quarter of 2021 after the economy in the fourth quarter was helped by robust exports and an easing of Covid-19 curbs.
- The Thai baht still strengthened against the US dollar, but remained traded in narrow range as the holidays in China and Hong Kong limits the market moves elsewhere. ☹️

**Thai Baht Performance**

<b>Last Week Close</b>	<b>33.37</b> THB/USD	<b>Monthly High</b>	<b>33.27</b> THB/USD
<b>Week Open</b>	<b>33.41</b> THB/USD	<b>Monthly Low</b>	<b>32.84</b> THB/USD
<b>Week Close</b>	<b>32.97</b> THB/USD	<b>30 Days Average</b>	<b>33.24</b> THB/USD
<b>Weekly High</b>	<b>33.46</b> THB/USD	<b>90 Days Average</b>	<b>33.33</b> THB/USD
<b>Weekly Low</b>	<b>32.95</b> THB/USD	<b>YTD Change</b>	<b>-1.26%</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
1-Day Repo Rate	09-Feb	9-Feb	0.50%	0.01%
Consumer Confidence Idx	Jan	10-Feb		46.20%
Forex Reserves	31 Jan, w/€	11-Feb		242.1B
Currency Swaps	31 Jan, w/€	11-Feb		33.2B

<b>Lower Bound</b>	<b>32.97</b>	<b>Upper Bound</b>	<b>33.28</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- EUR trimmed intraday gains, currently trading sub-1.1450 amid picking up dollar's demand post -NFP -However, The Euro seems optimistic from last ECB meeting statement as European Central Bank (ECB) warned of increased uncertainty and upside risks to its inflation outlook.

<b>Lower Bound</b>	<b>1.1241</b>	<b>Upper Bound</b>	<b>1.1500</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Euro News**

- The euro rose for a third consecutive day on Wednesday, coming off a 20-month low last week, as euro zone inflation rose to a new record last month fuelling bets the European Central Bank might raise interest rates sooner than expected. At 5.1% in January, price growth is more than twice the ECB's 2% target.
- The euro surged to a three-week high on Thursday after European Central Bank President Christine Lagarde acknowledged on Thursday that euro zone inflation was running hotter than expected, with risks tilted to the upside. She also said the ECB, which left policy rates unchanged at Thursday's meeting, would not rush into new moves. When asked if the ECB was "very unlikely" to raise rates this year, Lagarde said it would assess conditions very carefully and be "data-dependent."

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.1143</b> USD/EUR	<b>Monthly High</b>	<b>1.1483</b> USD/EUR
<b>Week Open</b>	<b>1.1145</b> USD/EUR	<b>Monthly Low</b>	<b>1.1222</b> USD/EUR
<b>Week Close</b>	<b>1.1446</b> USD/EUR	<b>30 Days Average</b>	<b>1.1337</b> USD/EUR
<b>Weekly High</b>	<b>1.1483</b> USD/EUR	<b>90 Days Average</b>	<b>1.1398</b> USD/EUR
<b>Weekly Low</b>	<b>1.1137</b> USD/EUR	<b>YTD Change</b>	<b>+0.58%</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Industrial Output MM	Dec	7-Feb	0.4%	-0.2%
Reserve Assets Total	Jan	7-Feb		223,787M
Sentix Index	Feb	7-Feb	15.2	14.9
Ind Output Cal Adj YY	Dec	8-Feb		4.8%
Exports MM SA	Dec	9-Feb	-0.1%	1.7%
Imports MM SA	Dec	9-Feb		3.3%
Trade Balance, EUR, SA	Dec	9-Feb	10.4B	10.9B
CPI Final MM	Jan	11-Feb	0.4%	0.4%
CPI Final YY	Jan	11-Feb	4.9%	4.9%

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- Looking ahead to next week, UK economic calendar is rather light with only the preliminary Q1 GDP reading due.
- However this data is unlikely to be materially market-moving as market already assume that UK rates will continue to rise, with the next hike possibly coming as early as March.

<b>Lower Bound</b>	<b>1.3465</b>	<b>Upper Bound</b>	<b>1.3647</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Pound Sterling News**

- The Bank of England raised interest rates to 0.5% on Thursday and four of the nine members of the Monetary Policy Committee wanted to raise interest rates by half a percentage point to 0.75%. This would have been the biggest increase in borrowing costs since the BoE became operationally independent 25 years ago.
- The BoE said consumer price inflation - which stood at 5.4% in December - now looks set to peak at around 7.25% in April.
- The BoE said it will start to unwind its 895 billion pounds (\$1.2 trillion) quantitative easing programme by allowing its vast holding of British government bonds to roll off its balance sheet as they mature, while selling entirely its much smaller stock of corporate bonds.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3404</b> USD/GBP	<b>Monthly High</b>	<b>1.3627</b> USD/GBP
<b>Week Open</b>	<b>1.3395</b> USD/GBP	<b>Monthly Low</b>	<b>1.3435</b> USD/GBP
<b>Week Close</b>	<b>1.3529</b> USD/GBP	<b>30 Days Average</b>	<b>1.3541</b> USD/GBP
<b>Weekly High</b>	<b>1.3627</b> USD/GBP	<b>90 Days Average</b>	<b>1.3498</b> USD/GBP
<b>Weekly Low</b>	<b>1.3384</b> USD/GBP	<b>YTD Change</b>	<b>-0.05%</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
Halifax House Prices MM	Jan	7-Feb		1.1%
RICS Housing Survey	Jan	10-Feb		69
Goods Trade Balance GBP	Dec	11-Feb		-11.337B
GDP Estimate YY	Dec	11-Feb		8.0%
Industrial Output MM	Dec	11-Feb	0.1%	1.0%
Industrial Output YY	Dec	11-Feb	0.6%	0.1%
Manufacturing Output MM	Dec	11-Feb	0.2%	1.1%
Manufacturing Output YY	Dec	11-Feb	1.7%	0.4%
GDP Prelim QQ	Q4	11-Feb	1.1%	1.1%

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**Australian Dollar**
**Australian Dollar Graph**


Source: Thomson Reuters

**Australian Dollar Outlook**

- AUD/USD moved around intraday high near 0.7080 after China flashed downbeat data on their return during Monday's Asian session. This morning, China Caixin Services PMI dropped to 51.4 in January, versus 52.9 market consensus and 53.1 prior.
- In addition to the data and Treasury yields with the hawkish hopes from the Reserve Bank of Australia (RBA) despite the latest cautious communication add to the AUD/USD pair's recent sideways performance.

**Australian Dollar News**

- The Australian dollar slumped on Tuesday after the Reserve Bank of Australia vowed to remain patient about raising interest rates, even in the face of the hottest inflation since 2014. Australia's central bank kept its cash rate at a record low of 0.1% on Tuesday and ended its A\$275 billion (\$194.40 billion) bond buying campaign as expected, but pushed back on market wagers for an early rate rise.
- RBA Governor Philip Lowe said in a brief statement that "As the Board has stated previously, it will not increase the cash rate until actual inflation is sustainably within the 2 to 3% target range,". "While inflation has picked up, it is too early to conclude that it is sustainably within the target band."

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6986</b> USD/AUD	<b>Monthly High</b>	<b>0.7168</b> USD/AUD
<b>Week Open</b>	<b>0.6990</b> USD/AUD	<b>Monthly Low</b>	<b>0.7034</b> USD/AUD
<b>Week Close</b>	<b>0.7076</b> USD/AUD	<b>30 Days Average</b>	<b>0.7219</b> USD/AUD
<b>Weekly High</b>	<b>0.7168</b> USD/AUD	<b>90 Days Average</b>	<b>0.7301</b> USD/AUD
<b>Weekly Low</b>	<b>0.6978</b> USD/AUD	<b>YTD Change</b>	<b>-2.51%</b>

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
AIG Services Index	Jan	7-Feb		49.6
Retail Trade	Q4	7-Feb	8.1%	-4.4%
NAB Business Conditions	Jan	8-Feb		8
NAB Business Confidence	Jan	8-Feb		-12
Consumer Sentiment	Feb	9-Feb		-2.0%
Refinitiv IPSOS PCSI	Feb	11-Feb		55.68

<b>Lower Bound</b>	<b>0.7074</b>	<b>Upper Bound</b>	<b>0.7229</b>
<b>Forecast</b>	<b>Neutral</b>		

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**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- USD/JPY slipped to low around 115.15 as Tokyo opens for Monday. Nevertheless, the yen snaps the previous two-day uptrend while a pullback in the US Treasury yields joins the escalating covid fears in Japan.
- Meanwhile, Japan mulls extension of activity restrictions in Tokyo and 12 prefectures during this week and Russia-Ukraine tussles, hawkish monetary policy concerns should be watched for near-term directions.

<b>Lower Bound</b>	<b>114.10</b>	<b>Upper Bound</b>	<b>116.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Japanese Yen News**

- The yen appreciated after dollar eases. Meanwhile, Japan's manufacturing activity grew at the fastest pace in nearly eight years in January on stronger output and new orders, while cost pressures stayed elevated as firms continued to face supply chain delays.
- The Bank of Japan's Deputy Governor, Masazumi Wakatabe has said hitting a 2% inflation for several months won't be meeting BoJ's price target while, Japan's economic recovery becoming clearer, recovery is likely to continue. Expect Japan's consumer inflation to reach about 1% in spring and around 1% up through fiscal 2023.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>115.24</b> JPY/USD	<b>Monthly High</b>	<b>115.42</b> JPY/USD
<b>Week Open</b>	<b>115.21</b> JPY/USD	<b>Monthly Low</b>	<b>114.17</b> JPY/USD
<b>Week Close</b>	<b>115.20</b> JPY/USD	<b>30 Days Average</b>	<b>111.63</b> JPY/USD
<b>Weekly High</b>	<b>115.59</b> JPY/USD	<b>90 Days Average</b>	<b>110.61</b> JPY/USD
<b>Weekly Low</b>	<b>114.14</b> JPY/USD	<b>YTD Change</b>	<b>+0.19%</b>

**Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
All Household Spending YY	Dec	8-Feb	0.3%	-1.3%
All Household Spending MM	Dec	8-Feb	0.7%	-1.2%
Current Account NSA JPY	Dec	8-Feb	73.5B	897.3B
Corp Goods Price MM	Jan	10-Feb	0.4%	-0.2%
Corp Goods Price YY	Jan	10-Feb	8.2%	8.5%

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